

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.

North Canton, Ohio

FINANCIAL STATEMENTS

As of

DECEMBER 31, 2015 and 2014

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

Schnauffer & Walker, P.C.
Certified Public Accountants
Dallas, Texas

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
FINANCIAL STATEMENTS
Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
East African Center for the Empowerment of Women and Children, Inc.
North Canton, Ohio

We have audited the accompanying financial statements of **East African Center for the Empowerment of Women and Children, Inc.** (a Washington not-for-profit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
East African Center for the Empowerment of Women and Children, Inc.
Independent Auditors' Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of **East African Center for the Empowerment of Women and Children, Inc.** as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schnauffer & Walker, P.C.

Dallas, Texas
December 22, 2016

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 2,697	\$ 750
Total current assets	<u>2,697</u>	<u>750</u>
Long-term assets:		
Furniture and equipment	5,661	5,661
Less: accumulated depreciation	<u>(5,661)</u>	<u>(5,661)</u>
Total long-term assets	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 2,697</u></u>	<u><u>\$ 750</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 3,760	\$ -
Short term note payable	<u>-</u>	<u>5,000</u>
TOTAL LIABILITIES	<u>3,760</u>	<u>5,000</u>
NET ASSETS (DEFICIT)		
Unrestricted net assets (deficit)	<u>(1,063)</u>	<u>(4,250)</u>
TOTAL NET ASSETS (DEFICIT)	<u>(1,063)</u>	<u>(4,250)</u>
TOTAL LIABILITES AND NET ASSETS (DEFICIT)	<u><u>\$ 2,697</u></u>	<u><u>\$ 750</u></u>

The accompanying notes are an integral part of these financial statements.

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
 STATEMENTS OF ACTIVITIES
 For the Years Ended December 31, 2015 and 2014

CHANGES IN UNRESTRICTED NET ASSETS (DEFICIT)	<u>2015</u>	<u>2014</u>
Revenue and other support:		
Nonprofit contributions	\$ 49,505	\$ 10,822
Individual contributions	17,595	60,617
Corporate and business contributions	4,567	1,374
Fundraising events	3,145	-
Foundations	2,500	502
Interest income	1	1
Total revenue and other support	<u>77,313</u>	<u>73,316</u>
Expenses:		
Program services	68,353	74,960
Supporting services:		
Management and general	4,898	5,279
Fundraising	875	280
Total supporting services	<u>5,773</u>	<u>5,559</u>
Total expenses	<u>74,126</u>	<u>80,519</u>
INCREASE (DECREASE) IN NET ASSETS (DEFICIT)	3,187	(7,203)
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	<u>(4,250)</u>	<u>2,953</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (1,063)</u>	<u>\$ (4,250)</u>

The accompanying notes are an integral part of these financial statements.

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended December 31, 2015

	Program services	Supporting services			Totals
	Program services	Management and general	Fundraising	Total	
Administrative expenses	\$ 208	\$ 93	\$ -	\$ 93	\$ 301
Bank fees	704	-	-	-	704
Fundraising	-	-	875	875	875
Kenya - direct program	66,517	-	-	-	66,517
Meetings	41	-	-	-	41
Office supplies	-	255	-	255	255
Postage	102	-	-	-	102
Printing	50	-	-	-	50
Professional fees	-	4,550	-	4,550	4,550
Website	731	-	-	-	731
Totals	<u>\$ 68,353</u>	<u>\$ 4,898</u>	<u>\$ 875</u>	<u>\$ 5,773</u>	<u>\$ 74,126</u>

The accompanying notes are an integral part of these financial statements.

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended December 31, 2014

	Program services	Supporting services			Totals
	Program services	Management and general	Fundraising	Total	
Administrative expenses	\$ 900	\$ 400	\$ -	\$ 400	\$ 1,300
Bank fees	600	-	-	-	600
Fundraising	-	-	280	280	280
Interest	-	85	-	85	85
Kenya - direct program	72,350	-	-	-	72,350
Licenses and permits	130	-	-	-	130
Meetings	34	-	-	-	34
Office supplies	-	236	-	236	236
Postage	376	-	-	-	376
Printing	63	-	-	-	63
Professional fees	-	4,231	-	4,231	4,231
Rent	-	327	-	327	327
Website	507	-	-	-	507
Totals	\$ 74,960	\$ 5,279	\$ 280	\$ 5,559	\$ 80,519

The accompanying notes are an integral part of these financial statements.

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors	\$ 77,312	\$ 73,315
Cash received for interest	1	1
Cash expended for program services	(68,353)	(74,960)
Cash expended for management and general	(1,138)	(5,279)
Cash expended for fundraising	(875)	(280)
NET CASH PROVIDED BY USED IN OPERATING ACTIVITIES	<u>6,947</u>	<u>(7,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short term note payable	-	5,000
Principal payments on short term note payable	(5,000)	-
NET CASH USED IN PROVIDED BY FINANCING ACTIVITIES	<u>(5,000)</u>	<u>5,000</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,947	(2,203)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	750	2,953
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,697</u>	<u>\$ 750</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO		
NET CASH PROVIDED BY USED IN OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 3,187	\$ (7,203)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by used in operating activities:		
Depreciation	-	-
Changes in operating assets and liabilities:		
Increase in accounts payable	3,760	-
NET CASH PROVIDED BY USED IN OPERATING ACTIVITIES	<u>\$ 6,947</u>	<u>\$ (7,203)</u>

The accompanying notes are an integral part of these financial statements.

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

The **East African Center for the Empowerment of Women and Children, Inc. (EAC)** (the Organization) is a Washington not-for-profit corporation and is located in North Canton, Ohio. The Organization's mission is to help communities, primarily in Kenya, achieve empowerment by increasing literacy for women and children, improving health status, and eradicating poverty. Programs include women's literacy and business skills training, children's education, maternal and child health, technology education, and agricultural and livestock development. The Organization operates a school with 320 students from kindergarten through eighth grade, a clinic, and manages a team of community health workers. The community health workers use the Organization's facilities to support health education programs, different local worker's cooperatives, and provide various training to different groups, such as economic empowerment courses for families supporting individuals with HIV/AIDS. The Organization reaches nearly 20,000 individuals a year with its programs and services. At the school, it has a farm that provides food for its students and creates a revenue generating surplus.

The Organization's revenue primarily comes from individual and corporate contributions, fundraising events, and grants from corporations and foundations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, prepaids, accounts payables, and other liabilities. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred, irrespective of when paid. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Organization is a not-for-profit Organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is required to file annual reports with the Internal Revenue Service, Form 990, Return of Organizations Exempt from Federal Income Tax. The Organization is in compliance with all federal tax filings as of December 31, 2015 and 2014.

Basis of Presentation

The Organization accounts for its funding in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities* (ASC Topic 958), which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

restrictions. ASC Topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that are met by actions of the Organization.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Contributions, fundraising events income and foundations are recognized when earned. Refundable advances are recorded until the revenue is earned. Donations are recognized as revenue when received and are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

At December 31, 2015 and 2014 and during the years then ended, the Organization did not have any of its assets subject to permanent restrictions. At December 31, 2015 and 2014, there were no temporarily restricted net assets. At December 31, 2015 and 2014, the Organization had a deficit in unrestricted net assets of \$1,063 and \$4,250, respectively.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents and short term note payable. The short term note payable is stated at face value which approximates fair value and cash and cash equivalents are stated at fair value.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$250. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

specific purpose. Property and equipment are depreciated using the straight-line method, ranging from five to seven years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Noncash Donations

Donated material, fixed assets and certain services are reflected as contributions at their estimated fair values on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require special skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Classification of Revenue and Expense

Operating activities include items which are directly related to the Church or are essential support elements of those programs. The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program activities and supporting services as shown in the statements of functional expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – CONCENTRATION

The Organization received support from two sources totaling 10% or more in 2015 and 2014. They were as follows:

	<u>2015</u>	<u>2014</u>
Network for Good	\$ 42,523 55%	\$ 23 0%
Individual donor	8,000 10%	15,000 20%
Aid For Africa	4,066 5%	9,384 12%
Totals	<u>\$ 50,523 70%</u>	<u>\$ 24,407 32%</u>

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program activities and supporting services benefitted as shown in the statements of functional expenses. Expenses are recorded when incurred in accordance with accrual basis of accounting.

NOTE E – SHORT TERM NOTE PAYABLE

In December 2014, the Organization borrowed \$5,000 from a corporation. The loan was unsecured at zero percent interest and repaid in January 2015.

NOTE F – SUBSEQUENT EVENTS

FASB ASC 855-10 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. That is, whether that date represents the date the financial statements were issued or were available to be issued. The Organization has evaluated subsequent events for potential recognition and/or disclosure in these financial statements through December 22, 2016, the date that the financial statements were available to be issued.